

I. PM BRANDS

PRICE VALUE

.Overall retail introduction of Cambridge Full Flavor is going extremely smooth with only major distribution gaps being in SFW Divisions of Denver, Seattle and Kansas City. We are in the process of re-presenting to all three Divisions and we are confident they will close these distribution gaps. The 2 for 1's are showing excellent movement from our B displays due to the general overall visibility.

.Preliminary reports of the Virginia Slims Ultra Light Introduction are very positive with no major account turndowns to date. Present booking of product by sales representatives was excellent and has helped secure distribution in many accounts.

.Benson & Hedges Lights Box has been picked up by several major accounts although overall distribution will not match what we achieve on Virginia Slims Ultra Lights.

II. COMPETITIVE ACTIVITY

.American - Continues to promote Malibu and will reportedly continue their \$3 off per carton until January 1988. They have achieved excellent distribution and depth of inventory, however, sales are extremely slow. Attaching \$2 off carton coupons on Pall Mall Filters with 2 for 1 promotions in pack outlets, distribution is at a low level, therefore, sales are almost nonexistent.

.Brown & Williamson - Is promoting Falcon Lights, extremely heavy at retail with very good distribution, however, very little consumer activity has been noted. They continue to coupon at carton outlets all packings of Kools, Viceroy's and Bellaires.

.Lorillard - Have introduced a new permanent carton display specifically for Newport which is a green and white plastic gravity-feed unit with a monthly payment of \$12.

AUG
5th
DENVER

.RJR - Introducing Magna in the Kansas City and Des Moines marketing areas at full price with introductory allowance of \$22 per case with another \$22 per case count and recount program. In addition, they are also offering a \$1 off per carton paid directly to retailers for immediate distribution. Continue to offer a variety of retail programs on all packings from \$2 off carton coupons to a \$5 coupon on 2 cartons to 3 for 3 package units on Camels. As normal, have a very good consumer response, however, it is mostly for their customers.

2024665454

III. TRADE CLASSES

.It is reported that Denver, per capita, has the highest number of warehouse clubs in the nation. We are experiencing extreme pressure from PACE to come up with merchandising plans for all stores. In addition, Buyer's Club is seriously considering dropping distribution on all packings of Cambridge since we do not VPR the product as our competition currently does. This has put us at a competitive disadvantage and has reduced sales on Cambridge so, therefore, they are considering dropping the brand. We must come up with a viable solution to their merchandising and promotional needs.

.Rumors continue concerning the closing of the Safeway, Kansas City Division, and reportedly there are a number of chains, wholesale grocers, and independent retailers who are currently bidding on these stores. Supposedly a decision is to be made on the sale by September 1, 1987.

IV. KEY ACCOUNT CONTACTS

.Wilson Croom, President, Flaks, Inc./Edgar Cullman, President, Culbro - Had dinner with both of these individuals and their wives in connection with the CACTD Annual Convention. Discussed political activities in Washington, D.C. in regard to the industry, as well as local business and issues.

.Bill Marsh, Head Merchandiser, Consumer Markets, Springfield, MO - Discussed System 2000 implementation at his stores and found Bill to be very pleased with the professionalism we have displayed as a company.

.Bill Schrader, Vice President, Southland Corporation - Had lunch with Bill along with Les Olson and SSM Gibson and discussed local merchandising agreements with the Rocky Mountain Division of 7-11, as well as future promotions between our two companies.

.Matt Keller, Merchandising Specialist, PACE Warehouse Club - Discussed with Matt, several times, Philip Morris' potential merchandising plans with this trade class. Set up a tentative meeting in August to fully discuss potentials.

V. MERCHANDISING PROGRAMS

.System 2000 by carton fixtures have now been installed in all 36 Consumer Markets and from personal market checks, we have virtually eliminated Philip Morris out-of-stocks.

.A System 2000 carton fixture has been installed in Safeway, Portland, and we are very optimistic that this may be the beginning of future fixture installations.

2024665455

.SSR's Larry Finch and Nicki Howerton have sold 7-11 MAKO on Philip Morris Overhead Pack Merchandisers and have gained a commitment for all 85 stores. Thirteen stores have been placed and I am very proud of these accomplishments by these sales representatives.

.SR Don Johnson has placed 7 of 8 7-11 Southland stores with our Overhead Pack Merchandiser. There is a strong possibility of getting a commitment for all 400 stores within the St. Louis Division.

.Sales representatives are very enthusiastic about the upcoming Marlboro A/1 Promotion as they anticipate improved penetration with our new selling approach.

VI. REGION ACTIVITIES

.Sales activities throughout the Region have been on behalf of the introduction of Cambridge Full Flavor, as well as re-signing Plan A's and gaining additional rows for Philip Morris products.

.Materials for the Cambridge Heavy Up Program never arrived, therefore, sales representatives were very creative in implementing this program throughout the Region in the most professional manner possible.

VII. SALES SERVICES

.PPP materials for Cambridge Full Flavor arrived on time and in the specified quantities.

.With the introduction of our new Plan A and fixture-related programs, it is absolutely critical that we have an ongoing supply of carton rack and package rack labels. At the present time, we do not have any Cambridge Full Flavor labels and have been backordered on many others. We must make every effort to supply our sales force with the tools necessary to do the job.

.The trade gifts for both Virginia Slims Ultra Lights and Benson & Hedges Lights Box Introductions were excellent and since they arrived on time will allow us to maximize their effectiveness, however, since these trade gifts were shipped in bulk to the Section Office, this necessitated each Section to reship to all Managers. In the future, trade gifts should be sent directly to the Manager's POS storage points.

.Section 61 continues to experience backorders and out-of-stock situations out of the Chicago USCO Warehouse. Other warehouses are found to have abundance of materials yet Chicago is invariably out of stock. We must somehow correct this situation since it is taking valuable management time to contact New York to get materials released from the other warehouses throughout the country.

2024665456

VIII. SALES DEVELOPMENT

.We are in receipt of the new Personalized Exterior Signage Program, as well as all the selling brochures. This brochure is excellent and I fully expect very positive results due to this professional sales aid.

.We are finally in receipt of our new Low Profile Spinner Package Rack Visuals. As the field now will be able to specifically show our customers what this unit actually looks like, I am sure additional placements will result.

.I have received several complaints throughout the Region that our Marlboro Store Hour Decals become very brittle and crack quickly after being put up. Our people recommend a more permanent Store Hour Sign that would allow for hours to be changed without scraping decals from windows.

IX. MEDIA

.No comments this month.

2024665457